

Delaware Division of the Arts

Delaware State Arts Council Meeting Minutes
June 21, 2017
10 a.m. to 2 p.m.
Buena Vista Conference Center, New Castle, DE

Attending: Council: Mack Wathen (Chair), Tina Betz, Donna Blakey, Lori Crawford, Robert Fitzgerald, David Fleming, Janis Julian, Ralph Kuebler, Michael Kalmbach, Mary Ann Miller, Heather Morrissey, Jon Newsom, Cheryle Pringle, Michael Quattrociocchi, John Sarro

Staff: Paul Weagraff, Sheila Ross, Roxanne Stanulis, Katie West, Leeann Walleth, Dana Wise

Absent: Madeleine Bayard, Kristin Pleasanton

The meeting was called to order at 10:05 a.m.

Chair's Report – Mack Wathen

Motion by John Sarro to approve the minutes from the March 8, 2017 Council meeting – second by Cheryle Pringle - All in favor – None opposed.

The Mid-Atlantic Arts Foundation has named its new executive director, Teresa Colvin. She was previously the executive director of Maryland Arts Agencies. She will be excellent in guiding us through what could be tough budget times on a national level.

I know that you're all aware of the current proposals in Delaware that would call for cuts in total approaching 20% to the state arts budget. We're looking at a cut of about \$550k. I'm also sure you're aware that next year we're facing the potential elimination of the NEA. So I just want to put things in perspective there, too. Currently, about 16% of our budget comes from the NEA – about \$693k. Two percent of our budget comes from ArtCo (the statewide endowment supporting capital projects), and approximately 82% of our budget comes from the State of Delaware which is just over \$3.5 million. Our total budget rounded is about \$4.3 million, has approximately a \$700k cut coming from the NEA and a proposed \$550k from the state. Should both of those come into effect at those levels, it will have a significant impact on the arts in Delaware. There's also a proposed House Bill 240 which would change parts of the personal income tax that eliminates the charitable gift deduction.

Guillermina Gonzalez with the Delaware Arts Alliance (DAA) is trying to arrange a call to talk about strategies going forward. Hopefully you've all had an opportunity to use the links she sent out to contact your legislators.

The Arts Economic Prosperity (AEP) report shows that more than 4,000 jobs in Delaware are supported by the arts. Also the arts, unlike other spending in the state, do return about \$3 to state and local government for every \$1 spent by taxpayers. I view this more as an investment than an expense.

Council Member – How is the total 4.3 million used?

- 20.4% of the budget is spent on programs and services, that's 872k,
- 79.6% is spent on grants – just over 3.4 million.

Paul – the budget we’re looking at is based on what the governor has proposed...\$70k cut in grants line and a slight decrease from the NEA. So the total we’re looking at for next year before any cuts is \$4.19 million. Of that, \$3.3 million is for grants and programs and the other \$878k is for operational expenses, salaries, programmatic expenses like arts summit marketing website maintenance, etc.

The personnel line we have no control over, that’s dictated by state salaries. The travel line has been reduced as has the contractual line, supplies have remained steady, and the capital line of \$5k we frequently don’t spend. That’s federal money and we can reallocate it to grants.

Motion by Ralph Kuebler to approve Tina Betz as the appointed ARTCO Representative – Second by John Sarro – All in favor – None opposed.

Director’s Report – Paul Weagraff

Funding Projections for FY2018

The Division of the Arts will receive a decrease of \$11,900 from the NEA in FY18, despite a slight increase to the NEA’s budget. National population statistics and the resumption of funding to Kansas in FY2018 are the primary factors in the decrease.

State funding for FY2018, as of June 16, 2017, is still uncertain. The Governor’s proposed budget included a \$70,000 decrease in the Division’s grant lines, but JFC deliberations since then have projected possible decreases in excess of \$500,000. All funding proposals discussed today will be impacted by changes in the remaining days of the legislative session.

The Delaware Arts Alliance has been aggressive in its advocacy efforts through social media, phone contacts, attendance at town hall meetings, and personal visits to legislators in Dover. Several arts organizations have implemented strategies with their patrons including email and social media campaigns, and inserting postcards into programs that can be mailed to legislators.

Funding coordination with the Controller General’s Office

The Division of the Arts maintains a policy that any arts organization receiving state support from other sources, including Grant-in-Aid, may impact their General Operating Support grant award.

In an effort to better monitor state support of nonprofit arts organizations, the Controller General’s office works with the Division to review lists of organizations that have applied for the Division’s general operating support as well as Grant-in-Aid. Before finalizing grant awards for General Operating Support, the Division will verify with the Controller General’s office their list of grant awardees.

Economic Impact Study

Arts & Economic Activity 5 was released on June 17th during the annual Americans for the Arts Convention. The two-fold study includes data collected directly by Americans for the Arts reaching out to arts organizations, as well as audience intercept surveys, which were collected throughout 2016 at events throughout the state.

The Division of the Arts will share the study materials with the Delaware Arts Alliance for them to use in their advocacy arsenal.

New Website

The Division of the Arts has a new website, arts.delaware.gov, which replaces the old site in both appearance and location. Now housed on a state server, the site is mobile-friendly, easily edited using WordPress software, and saves the Division in hosting costs on a third-party server. Kudos to Leeann Wallett and the Government Information Center for the time and effort over the past several months for this accomplishment.

Summer Teacher Training

Sheila Ross is working with the Department of Education to host a summer institute for teachers to work on issues of arts instruction and integration in the classroom, as it relates to the visual and performing arts standards and performance indicators, adopted last year by the State Board of Education. Teaching artists and educators from arts organizations are invited to attend as well, to learn how to better serve as resources to the schools.

Schwartz Center for the Arts

Katie West and Paul Weagraff have had multiple meetings with the Schwartz Center leadership over the past several months, tracking their efforts to sustain a viable operation. In addition, they recently met with the President of the Dover City Council, who is interested in finding ways that the Schwartz Center might be able to remain open to the community in some capacity. All interested parties recognize that the biggest challenge the Schwartz Center faces is getting community buy-in both through increased attendance and the development of diverse revenue streams.

NEA Grants in Delaware

The National Endowment for the Arts recently announced two direct grant awards for Delaware Organizations:

- Grand Opera House: \$10,000 for their Summer in the Parks programs
- State of Delaware: \$181,100 for the Basic State Partnership (\$11,900 reduction from FY2017)

FY2017 Opportunity Grants Awarded

- Artists in Residence: 11 grants; \$17,410
- Arts Access: 16 grants; \$13,900
- Arts Stabilization: 5 grants; \$75,000
- Education Resource: 16 grants; \$140,000
- General Operating Support: 71 grants; \$2,525,100
- Individual Artist Fellowships: 18 grants; \$88,000
- Opportunities - Arts Ed (TranspARTation): 42 grants; \$11,305
- Opportunities - Artists: 14 grants; \$8,500
- Partnership: 6 grants; \$145,000
- Project Support: 26 grants; \$205,500
- Special Projects: 5 grants; \$237,500
- StartUp: 3 grants; \$4,000
- **Total: 233 grants; \$3,471,215**

For your calendar

August 30, 2017	IAF Reception – Biggs Museum, Dover; 5 – 7 p.m.
September 20, 2017	State Arts Council Meeting, Location/Time TBD: Plan is to have Governor in attendance for a briefing and discussion on the arts.
October 30, 2017	Biennial Arts Summit, Dover Downs Hotel and Casino, 8:45 a.m. to 4 p.m.
December 13, 2017	State Arts Council Meeting, New Castle County (TBD), 10 a.m. to noon

Funding Allocations/Considerations – see spreadsheet

This year the Division had three days of panel reviews for General Operating Support full applications, Project Support, Education Resource and Arts Stabilization Fund. GOS organizations filing interim reports and StartUp organization applications were reviewed in-house. Council was provided with spreadsheets explaining funding scenarios.

- Total of 61 General Operating Support organizations
 - o 20 Full Applications (reviewed by panel)
 - o 26 Interim Reports
 - o 15 Arts Trust Fund organizations
- Total of 27 Project Support applications
 - o 18 reviewed by panel
 - o 9 reviewed in-house
- Total of 7 Art Stabilization Fund applications
- Total of 16 Education Resource Applications
- Total of 2 Start Up applications

Grants not discussed today: *Artist Residencies* – they come up during the course of the year; *Artist Opportunities* – small grants awarded throughout the course of the year; *Arts Access Grants* – small grants awarded throughout the course of the year.

Approval Process for All Grant Categories

The Director presented a spreadsheet of funding recommendations, based upon panel scores, their follow-up discussion, and available funds in each category. Council discussion ensued, as it related to that specific grant category. For voting, any application that represented a conflict for a Council member was voted on first, with that council member (or members) recusing him/herself. The remaining slate of applications was then voted on as a whole.

There was a discussion around the pending budget cuts and how it will impact certain grant categories depending on what funding lines are cut. We don't know what line of funding will be cut. If they cut the Arts Trust Fund it would only impact the 15 largest GOS organizations. If they cut the General Fund line or the ASF (which is not likely) we'll have to figure out how to reallocate funds in GOS and PS. The ASF line is generated apart from how the general fund is funded – it consists of corporations revenue and revenue from the Cultural Assets Fund which is money raised by deed transactions.

The Schwartz Center announced their closing. They're not bankrupt, and they wanted to close before they go into debt. We've proposed reviewing the Schwartz Center as though they were continuing to function. We approve, conditionally, a grant for them in the event that they do resume operations somewhere throughout the

year and if they do then we have that money available. If they don't we can reallocate the funds to the other organizations.

Council was presented with two options regarding the budget cuts and voted, by show of hands. Option one would take any additional budget cuts only from General Operating Support (GOS). Option two would balance the cuts between GOS and Project Support (PS). The result was an overwhelming response to choose option two.

We'll take council's guidance on looking at the lowest ranking organizations and then some kind of proportional cut to the GOS and PS categories. We would like to keep the Arts Education (*a priority with the governor and the NEA*) and Artist Fellowship categories intact. Recommend that if we take the cuts, we should look at PS and GOS which are the two largest categories. The other categories are relatively small and to cut them wouldn't have a significant impact on the bottom line.

Council Members' comments & questions addressed during the discussion:

- Who determines where the cuts come from, them or you? The applicant will adjust their budgets internally, based on their award.
- How are the arts trust fund organizations affected? The same as the smaller arts organizations, unless the budget cuts come specifically from the Arts Trust Fund line.
- I'd rather take from programming than from capital.
- Do we traditionally fund scores of a 3 or above or does that fluctuate? Occasionally organizations that score slightly below 3.0 are funded, sometimes at a reduced amount.
- What is the rationale of funding the Schwartz, are they bankrupt? They are not bankrupt. They would only receive funding in FY2018 if they resume programming. Otherwise the funds that are allocated to them will be redistributed to the other arts organizations.
- I suggest that if we follow that course (to make cuts to GOS and PS and leave the other categories intact) that would essentially be the lead comment when we meet with the governor so that he understands that the council clearly shares his interest in education.
- Is there a difference in what the organizations ask for and what we'll give them? And do we track that information? Arts organizations don't make a request for GOS. As for projects, they adjust their projects accordingly, and we track the results through their final reports.
- Is there any consideration given to organizations getting low scores year after year? Yes. On occasion, organizations have received reduced funding if systemic issues are not addressed. More often, the Division steps in, providing additional technical support to try to bring them back to a position of relative health.

Conflicts of interest in reviewing funding recommendations were confirmed:

- John Sarro – University of DE
- Heather Morrissey – DE Art Museum
- Tina Betz – Light Up the Queen Foundation, Delaware Futures
- Ralph Kuebler – Center for the Creative Arts
- Jon Newsom – Rehoboth Art League

Project Support (PS) Grants Approval

The PS panel recommended not funding under a score of 3.0 (represents meeting expectations) with the exception of the City of Lewes (2.8).

Vote to approve the 3 University of DE projects (REP/Master Players/Community Music School) funding proposals - All in Favor – None opposed - John Sarro abstained.

Motion by Jon Newsom to approve funding recommendations for all other PS applications – Second by Tina Betz - All in favor – None Opposed

Arts Stabilization Fund (ASF) Grants Approval

ASF is funded outside of the DDOA budget by money drawn from the ARTCO fund annually, which is the endowment Delaware Community Foundation manages for capital facilities-related expenses. Eight organizations can't apply for ASF through DDOA because they are ARTCO members and receive direct funding annually from ARTCO. DDOA draws funding annually for all of the other arts organizations that own their buildings or have a long term lease.

The panel recommended funding all projects, with highest percentage of request to those above 3.0 ("Meets expectations") or higher.

Motion by Heather Morrissey to approve funding recommendations for all Arts Stabilization Fund applications – Second by Ralph Kuebler - All in favor – None Opposed

Education Resource (EDR) Grants Approval

We raised the bar this year in order to really push the arts organizations in the direction of serving the needs of the schools in terms of the newly adopted visual and performing arts standards and the mandates that the schools now have to comply with, in anything that they do. We sponsor the summer institute where the arts organizations can participate in the same training that the teachers are undergoing to learn how their curriculum and instruction can utilize and align with the arts standards and performance indicators.

We've revamped the application process to focus on them, explaining how what they're doing for the schools can benefit those schools based on those visual and performing arts standards. Applications must identify specific activities with specific standards that have been adopted by the state. That being said, some of the organizations that have been doing programming for years didn't fare as well in the review process this year as they have in the past.

The panel recommended not funding scores below 3.0.

Motion by Janis Julian to approve funding for Delaware Art Museum – Second by John Sarro – All in favor – None opposed – Heather Morrissey abstained.

Motion by Cheryle Pringle to approve all other EDR applications – Second by David Fleming – All in favor – None opposed.

Vote on change in the Agenda order – Motion by Janis Julian – Second by John Sarro – All in favor – None opposed.

Review of Arts & Economic Prosperity 5 Report for Delaware – [click here for report](#)

The methodology used is data from the organizations and audience intercept surveys. There were over 1200 surveys collected from various arts organizations. The response rate from Delaware arts organizations was about 70%.

LUNCH & Mezzanine Gallery Panel Review and Presentation – Roxanne Stanulis

The Division sponsors exhibits 11 months of the year in the Mezzanine Gallery (no exhibit in January). The exhibits are one-person shows, all Delaware artists. The artists get to exhibit by being a fellowship winner by being chosen by the gallery panel that meets once a year. Usually the fellowship winners choose to have exhibitions during the months of September thru December and sometimes into February. The rest of the year is filled with visual images registry winners. All of the artists in the Division's visual images registry are reviewed and ranked by the gallery panel. **There is no vote required.**

General Operating Support (GOS) Grants Approval

There are 3 spreadsheets for GOS divided by those reviewed by full panel/full applications, the interim year groups reviewed in house, and the Arts Trust group (also in interim year). From the financial report we calculate the rolling average for the last three years and the grant award is based on that.

We developed 2 scenarios:

- Option 1 allows for unlimited increase/decrease based on the budget
- Option 2 caps any increase at 10%, which then redistributes any additional funds to other organizations. The one exception is DE All State Theatre who didn't get capped at a 10% increase because they were in StartUp last year.

No one organization is allowed to receive more than 10% of the GOS "pot," no matter how large they are.

Regarding the Schwartz Center – Staff propose including them in the formula and reserving the funding available to them in the event they resume programming and if they don't, we'll reallocate the funds to the other arts organizations later in the year.

Council voted by show of hands to use Option One.

Motion by Lori Crawford to approve recommended funding for Center for Creative Arts – second by John Sarro – All in favor – None opposed - Ralph Kuebler abstained.

Motion by Cheryle Pringle to approve all other GOS full applications – Second by Ralph Kuebler – All in favor – None opposed.

Motion by Cheryle Pringle to approve recommended funding for Light Up The Queen Foundation – Second by John Sarro - All in favor – None opposed –Tina Betz abstained.

Motion by Jon Newsom to approve recommended funding for all remaining GOS interim applications – Second by Ralph Kuebler - All in favor – None opposed.

Motion by Tina Betz to approve recommended funding for DE Art Museum – Second by Janis Julian – All in favor – None opposed – Heather Morrissey abstained.

Motion by Janis Julian to approve recommended funding for remaining Arts Trust applications – Second by John Sarro – All in favor – None opposed.

Start Up Approval

There were two organizations that applied for Start Up and the panel recommended not funding either organization this year. They will still be eligible to apply for an Arts Access grant to support the arts component of what they do.

4Youth – not recommended for funding because it's not clear if they're an arts organization or an educational organization with an arts component. During this next year, we will recommend to them to take a look at their mission statement and the scope of their activities and maybe it's more appropriate for them to apply in our project support category as a non-arts organization that has an arts component to it. If we determine that they are an arts organization, they can re-apply for Startup.

Wright Decision Entertainment – Both Katie West & Donna Blakey have seen their work and spoke very highly of the artistic quality. However, they are a very young organization and just incorporated in January of this year. We have significant managerial concerns and some other issues that we felt they could use another year of operations and experience under their belt. They can still apply for arts access grants.

Motion by David Fleming to accept recommendations from panel – Second by Jon Newsom – All in favor – None opposed.

Paul asked that council members not discuss any decisions until the Division notifies grantees of their awards.

Old Business

Poetry Out Loud – Our Delaware state finalist performed well and made it to the semifinals in DC.

New Business – None

Public Comment - None

Motion and second to adjourn meeting at 2 p.m.- All in favor.

DRAFT

Addendum to the minutes for June 21, 2016

Paul Weagraff and Katie West met with Council Chair Mack Wathen on June 24 to address questions that arose during and after the June 21 Council meeting, regarding the General Operating Support Option 2 funding scenario that was reviewed/approved by the Council. In order to include the entire Council in the discussion, an invitation to participate in a conference call went out on Friday afternoon, June 24th. The call was scheduled for Tuesday, June 28th at 1 p.m. Participating in the call were Council members Tina Betz, Bob Fitzgerald, Ralph Kuebler, Heather Morrissey, Jon Newsom, Michael Quattrociocchi, Carol Rothschild, John Sarro, and Cathy Walls. Also participating were staff members Kristin Pleasanton, Paul Weagraff, and Katie West.

Weagraff presented a third funding option for the General Operating Support category, based on the following concerns that were raised during and after the meeting:

- a. Both funding options presented at the meeting presented discrepancies in funding recommendations between organizations of comparable size.
- b. Not all grant recommendations seemed to correspond appropriately to the size of the respective organization.
- c. At least one organization had incorrect data entered into the calculations of the grant award.
- d. Both options integrated “mitigating” formula components that perpetuated past funding considerations that were no longer relevant.
- e. The allocation of dollars between the three GOS groups (Full review, Interim review, Arts Trust Fund) needed to be recalculated to align with the amount needed to equitably fund each GOS group.

Option 3 was presented in advance of the conference call, and reviewed by the participants. Option 3 was recommended for consideration as it:

- a. simplifies the formula, as it is based solely on rolling averages of organizational expenses,
- b. eliminates remnants of previous funding considerations that are no longer relevant,
- c. standardizes the approach to funding all organizations without having to manipulate individual organizations that appear as outliers,
- d. reallocates funds between the three GOS groups to more accurately align with the amount needed to equitably fund each group.

After discussion of Option 3, including the impact on individual applicants, as well as the impact on the whole group, Tina Betz moved, and John Sarro seconded, the recommendation to approve Option 3 for funding the General Operating Support organizations for FY2017. The motion passed unanimously.

The conference call concluded at 1:25 p.m.